

FISCAL NOTE
HB 2
FIRST EXTRAORDINARY SESSION

March 30, 1999

SUMMARY OF BILL: Amends TCA Title 67 by adding a new chapter that would establish a procedure to review tax exemptions resulting in a loss of revenue of \$1,000,000 or more in the preceding fiscal year. The Department of Revenue would notify the chair of the Joint Select Committee on Business Taxes prior to August 1 of each year of any statutory exemption that resulted in a loss of revenue of \$1,000,000 or more in the following tax categories: *sales and use tax, franchise tax, excise tax and gross receipts tax*. The committee will establish a schedule to review exemptions referred to the committee. Prior to repeal, continuation, reestablishment or restructuring of any tax exemption, the committee must hold at least one public hearing and receive testimony from the public and from the Department of Finance and Administration. Each exemption relating to sales and use tax, franchise tax, excise tax, and gross receipts tax created on or after January 1, 2000 will be repealed on June 30 of the fourth calendar year following the year in which the exemption is created, if the fiscal note on such exemption states the exemption will cause revenue loss of \$1,000,000 or more in a fiscal year.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Not Significant

Assumes that any increase in state expenditures as the result of additional meetings of the Joint Select Committee on Business Taxes or to provide notification to the Joint Select Committee on Business Taxes is estimated to be not significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director